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ARGUS CORPORATION LIMITED

20th Annual Report

NOVEMBER 30, 1965



No 10 Toronto Street

*This historic building in Toronto, Canada, now the head office of
Argus Corporation Limited, was constructed in 1852*

Board of Directors

| | |
|----------------------------------|----------------|
| DAVID G. BAIRD | New York City |
| T. N. BEAUPRÉ | Vancouver |
| *GEORGE M. BLACK, JR. | Toronto |
| H. J. CARMICHAEL | St. Catharines |
| A. L. FAIRLEY, JR. | Montreal |
| P. M. FOX | Montreal |
| *A. BRUCE MATTHEWS | Toronto |
| *JOHN A. McDOUGALD | Toronto |
| D. A. McINTOSH, Q.C. | Toronto |
| ALLEN A. McMARTIN | Montreal |
| *MAXWELL C. G. MEIGHEN | Toronto |
| *E. P. TAYLOR | Bahama Islands |

*Members of the Executive Committee

Officers

| | |
|---|--------------------|
| <i>President</i> | E. P. TAYLOR |
| <i>Vice-President and Chairman of the Executive Committee</i> | JOHN A. McDOUGALD |
| <i>Vice-President</i> | A. BRUCE MATTHEWS |
| <i>General Manager</i> | J. N. SWINDEN |
| <i>Secretary</i> | H. H. EDMISON |
| <i>Treasurer</i> | J. R. WRIGHT, C.A. |

ARGUS CORPORATION LIMITED

Annual Report

TO THE SHAREHOLDERS OF
ARGUS CORPORATION LIMITED

December 16, 1965.

Your directors present the balance sheet as at November 30, 1965 and the statement of income and expenses for the year ended on that date. Also shown are comparative figures for the previous year.

Since this year marks your Company's 20th anniversary, tables showing the assets and earnings for the 20-year period and certain related information, have been included in this report. We hope you will find this historical record of your Company's growth and progress of particular interest.

As at November 30, 1965 the indicated net asset value of each of the Company's Class C shares and common shares was \$19.55 per share, compared with \$20.69 per share as at November 30, 1964.

Income from investments during the period amounted to \$7,212,664 compared to \$6,152,464 in the previous year. Expenses (including interest of \$550,574) were \$732,565 compared to \$751,849 (including interest of \$565,586) for the previous year. Net income amounted to \$6,480,099 which compared with \$5,400,615 for the year ended November 30, 1964. Earnings on the Class C and common shares amounted to 56.8¢ per share, compared to 44.1¢ per share in the previous year. Dividends totalling 36.5¢ per share on the Class C and common shares were paid during the fiscal year, but declarations covering the September 1, 1965 and December 1, 1965 payments were at an annual rate of 42¢ per share. Earned surplus increased by \$3,123,013 during the year and amounted to \$12,377,064 at November 30, 1965, compared to \$9,254,051 at November 30, 1964.

No changes took place in the major investment holdings of the Company since the publication of the semi-annual report in June, 1965.

Hollinger Consolidated Gold Mines, Limited, recently increased the regular quarterly dividend on its common shares from 15¢ to 25¢ per share.

At the meeting of the Board of Directors of your Company held on December 7, 1965, quarterly dividends of 12¢ per share were declared on the Class C and common shares, thus raising the annual dividend rates on these shares to 48¢ per share.

Your directors record with deep sorrow the death, during the summer, of Mr. J. S. D. Tory, Q.C., who had been a member of the Board of Directors of the Company since its inception.

Mr. A. L. Fairley Jr., President and Chief Executive Officer of Hollinger Consolidated Gold Mines, Limited, was elected to the Board of Directors in December, 1965.

Shareholders will continue to be kept informed of the operations of the companies representing your Company's major interests through the receipt of annual statements of such companies.

Submitted on behalf of the Board,

E. P. TAYLOR,
President.

JOHN A. McDUGALD,
Vice-President.

ARGUS CORPORATION LIMITED

Balance Sheet—NOVEMBER 30, 1965

(with comparative figures at November 30, 1964)

| ASSETS | | 1965 | 1964 |
|--|---|---------------------|--|
| INVESTMENTS IN PREFERENCE AND COMMON SHARES: | | | |
| Securities having a quoted market value, at cost..... | (value based on market quotations as at— November 30, 1965—\$202,806,159 November 30, 1964—\$215,599,939) | \$75,242,853 | \$75,242,853 |
| Securities not having a quoted market value, at cost..... | | 250,000 | 2,862,500 |
| | | <u>75,492,853</u> | <u>78,105,353</u> |
| SHORT TERM SECURITIES MATURING WITHIN 91 DAYS, at cost plus accrued interest..... | | | |
| | | 6,349,896 | 417,603 |
| CASH IN BANKS..... | | 69,096 | 70,286 |
| CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES..... | | 366,100 | 351,800 |
| HEAD OFFICE PREMISES: | | | |
| Land, building and furnishings, at nominal value..... | | 1 | 1 |
| | | <u>\$82,277,946</u> | <u>\$78,945,043</u> |
| LIABILITIES | | | |
| DIVIDENDS PAYABLE..... | | 888,674 | 677,077 |
| ACCOUNTS PAYABLE AND ACCRUED LIABILITIES..... | | 61,141 | 62,848 |
| 5½% SECURED NOTES SERIES C, due November 1, 1975..... | | 10,000,000 | 10,000,000 |
| CAPITAL AND SURPLUS: | | | |
| Capital stock (see note below)— | | | |
| | Number of shares | | |
| | Authorized | Issued | |
| | 336,565 | | Class A Preference— |
| | | 136,565 | \$2.50 Series..... |
| | | 200,000 | \$2.60 Series..... |
| | 1,000,000 | | Class B Preference— |
| | | 300,000 | Cumulative, 1962 Series (\$2.70 Dividend)..... |
| | 6,770,944 | 6,770,944 | Class C Participating Non-voting Preference..... |
| | 10,000,000 | 1,692,736 | Common..... |
| | | | <u>58,884,281</u> |
| | | | <u>58,884,281</u> |
| Contributed surplus, realized on purchase for cancellation of Preference Shares... | | 66,786 | 66,786 |
| Earned surplus..... | | 12,377,064 | 9,254,051 |
| | | <u>71,328,131</u> | <u>68,205,118</u> |
| | | <u>\$82,277,946</u> | <u>\$78,945,043</u> |

NOTE:

The Class A and Class B Preference Shares have a par value of \$50 each and are issuable in series; the Class C Preference Shares and the Common Shares are without par value.

The issued Class A and Class B Preference Shares carry cumulative dividends and are redeemable at \$52.50 per share and accrued dividends.

The Class C Preference Shares, subject to the prior rights of the Class A and Class B Preference Shares, participate equally with the Common Shares in (i) any dividends paid in any fiscal year after 30¢ per share has been paid on each Class C Preference Share and Common Share and (ii) any distribution of assets.

APPROVED ON BEHALF OF THE BOARD:

E. P. TAYLOR, Director

JOHN A. McDUGALD, Director

ARGUS CORPORATION LIMITED

Statement of Earned Surplus—FOR THE YEAR ENDED NOVEMBER 30, 1965

(with comparative figures for the year ended November 30, 1964)

| | 1965 | 1964 |
|--|---------------------|---------------------|
| Balance at beginning of year..... | \$ 9,254,051 | \$ 8,233,166 |
| Net income for the year..... | 6,480,099 | 5,400,615 |
| Profit on securities sold..... | 1,615,112 | — |
| | <u>17,349,262</u> | <u>13,633,781</u> |
| Dividends: | | |
| Class A Preference Shares \$2.50 Series..... | 341,419 | 341,418 |
| Class A Preference Shares \$2.60 Series..... | 520,000 | 520,000 |
| Class B Preference Shares 1962 Series..... | 810,010 | 810,007 |
| Class C Participating Preference Shares..... | 2,640,609 | 2,166,644 |
| Common Shares..... | 660,160 | 541,661 |
| | <u>4,972,198</u> | <u>4,379,730</u> |
| Balance at end of year..... | <u>\$12,377,064</u> | <u>\$ 9,254,051</u> |

Statement of Income and Expenses—FOR THE YEAR ENDED NOVEMBER 30, 1965

(with comparative figures for the year ended November 30, 1964)

| | 1965 | 1964 |
|---|---------------------|---------------------|
| Income: | | |
| Dividends received..... | \$ 7,025,811 | \$ 6,148,749 |
| Interest earned..... | 186,853 | 3,715 |
| | <u>7,212,664</u> | <u>6,152,464</u> |
| Expenses: | | |
| Salaries of officers and employees..... | 57,095 | 56,342 |
| Directors' fees..... | 8,630 | 10,070 |
| Transfer agents' and registrars' fees and expenses..... | 50,170 | 54,282 |
| General office and administrative expenses..... | 66,096 | 65,569 |
| Interest on Secured Notes..... | 550,000 | 550,000 |
| Bank interest..... | 574 | 15,586 |
| | <u>732,565</u> | <u>751,849</u> |
| Net income for the year..... | <u>\$ 6,480,099</u> | <u>\$ 5,400,615</u> |

Auditors' Report to the Shareholders of ARGUS CORPORATION LIMITED:

We have examined the balance sheet of Argus Corporation Limited as at November 30, 1965 and the statements of earned surplus and income and expenses for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of earned surplus and income and expenses present fairly the financial position of the company as at November 30, 1965 and the income and expenses for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

December 7, 1965.

PRICE WATERHOUSE & Co.,
Chartered Accountants.

